

**BONDS AND CERTIFICATIONS**  
***VEHICLE INDUSTRY REGISTRATION PROCEDURES***

**23**

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## *Bonds and Certifications*

### 23.000 Definitions

<i>Item</i>	<i>Definition</i>
<b>Certification</b>	A written confirmation of a true, accurate, and/or genuine written document.
<b>Affidavit</b>	A written declaration made under oath.
<b>Acknowledgement</b>	A formal declaration made before an authorized officer, such as a notary public: <ul style="list-style-type: none"> <li>• by the person who executed an instrument,</li> <li>• confirming the validity of the person and the signature of such person, and</li> <li>• that the person executed the instrument of his or her own free will.</li> </ul>
<b>Penal Sum</b>	The maximum dollar amount for which the surety is liable under the provisions of a bond.

### 23.010 Notarized Documents

#### Notary Expiration Date

A California notary's commission date is required for notarized signatures on the:

- *Application for Duplicate Title* (REG 227)
- *Lien Satisfied/Title Holder Release* (REG 166) in conjunction with a duplicate title application.

#### Notarized Documents by Officers of U.S. Armed Forces

Commissioned officers on active duty with the armed forces may perform all notary public acts for any person, or his/her spouse, serving in or with the armed forces of the United States, wherever they may be stationed (CC 1183.5).

- **U.S. Army or Air Force**—any officer approved by the Judge Advocate General.
- **U.S. Navy or Coast Guard**—any commanding officer or executive officer of a ship, shore station, or establishment, and any officer at or above the rank of lieutenant, senior grade.
- **U.S. Marine Corps**—any officer at or above the rank of captain.

No seal is required, but the officer taking the acknowledgement must attach an acknowledgement similar to that of a notary public.

**23.020 Bond or Undertaking—(CVC §§4157 and 9923)**

When regular evidence of ownership **is not** obtainable, the department may accept a *Statement of Facts* (REG 256), or a bond or bond alternative (see section 23.060) to support the issuance of a California vehicle Certificate of Title or vessel Certificate of Ownership.

- Determination of document (the REG 256, or bond or bond alternative) to submit is based on:
  - the value of the vehicle or vessel, *and*
  - whether the application is being submitted by a dealer, dismantler, or registration service.
- The *Statement of Facts* (REG 256) and the bond are conditioned to protect the department and any future owner against loss resulting from any defect in, or undisclosed claim upon, ownership of the vehicle or vessel.

**23.030 Diligent Effort /Statement of Facts Process**

Evidence of a diligent effort made to acquire the necessary evidence of ownership and any supporting documents required **must be** presented:

- when the value of the vehicle is \$5,000 or more,
- when the value of the vessel is \$2,000 or more, *or*
- when a bond is required on a dealer, dismantler, or registration service application.

**IMPORTANT:** A dealer, dismantler, or registration service **must** submit a bond or alternative, regardless of the value, along with a REG 256 stating what effort was made to obtain the documents.

Evidence of the diligent effort is a certified letter returned to the sender **unclaimed and unopened:**

- If a certified letter is sent and delivered, but a response is not received by the sender, the postal receipt acknowledging receipt of the letter by the addressee may be accepted.
- Sufficient time (a minimum of 30 days) must have elapsed to give the recipient time to respond.

**23.030 Diligent Effort /Statement of Facts Process, *continued***

Use the following chart to determine whether a *Statement of Facts* (REG 256) or bond is required:.

**Statement of Facts or Bond Requirement**

<i>If the...</i>	<i>then...</i>	<i>and...</i>
value of the vehicle is \$5,000 or more	<ul style="list-style-type: none"> <li>the diligent effort process <b>must</b> be used, <b>and</b></li> <li>a bond or alternative <b>is</b> required.</li> </ul>	<p>The owner <b>must</b> complete a <i>Statement of Facts</i> (REG 256) stating:</p> <ul style="list-style-type: none"> <li>what effort was made to contact the last owner(s) of record to obtain evidence of ownership, <b>and</b> <ul style="list-style-type: none"> <li>any supporting documents required from the seller, and</li> <li>why it was not obtainable.</li> </ul> </li> <li>how, when, and from whom the vehicle or vessel was acquired.</li> <li>the current value of the vehicle or vessel, and how that value was obtained. <ul style="list-style-type: none"> <li>If the value was determined by an appraisal, that appraisal must also accompany the REG 256.</li> </ul> </li> </ul>
value of the vessel is \$2,000 or more		
the application is being submitted by a dealer, registration service, or dismantler		
evidence of ownership cannot be obtained for transfer of a vehicle with non-transferable registration)		
the value of the vehicle is \$4,999 or less	the diligent effort process <b>is not</b> required	<ul style="list-style-type: none"> <li>Any documentation that establishes ownership of the described vehicle is acceptable.</li> <li>If the chain of ownership is incomplete, the <b>new owner must</b> complete a <i>Statement of Facts</i> (REG 256) stating: <ul style="list-style-type: none"> <li>from whom the vehicle or vessel was acquired.</li> <li>the current value of the vehicle or vessel.</li> <li>the vehicle or vessel is free of any liens not indicated on the application.</li> </ul> </li> </ul> <p><b>NOTE:</b> A dealer, dismantler, or registration service <b>must also submit a bond</b> regardless of the value of the vehicle.</p>
the value of the vessel is \$1,999 or less		

**NOTE:** The diligent effort satisfies the requirements for any supporting documents required for the transaction including the seller's odometer disclosure.

**23.040 Motor Vehicle Ownership Surety Bond (CVC §§4157 and 38050; CCR 152)**

A *Motor Vehicle Ownership Surety Bond* (REG 5057) or alternative **must** be submitted when:

- the required supporting evidence of ownership is not available and the value of the vehicle is \$5,000 or more, **OR**
- the application is being submitted by a dealer, dismantler, or registration service.

<b>NOTE:</b> See section 23.060 for alternatives in lieu of a bond.
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A *Motor Vehicle Ownership Surety Bond* (REG 5057) is acceptable for any vehicle, including a vehicle from another state or country when regular evidence of ownership is unobtainable and a bond is required. This includes a conversion from nontitle (goldenrod) registration.

- The REG 5057 must correctly identify the vehicle and be issued by an admitted surety insurer authorized to do business in California by the Department of Insurance.
- The bond must be obtained for the fair market value of the vehicle, as determined by either:
  - a written appraisal provided by a California or other state licensed dealer or motor vehicle insurance representative, **OR**
  - a *Statement of Facts* (REG 256) giving the valuation based on information provided in a recognized industry motor vehicle valuation and pricing handbook, such as the Kelly Blue Book.

The lowest and highest price variations must be shown, then added together, then divided by two to get the average price of the vehicle, which shall be used as the fair market value of the vehicle.
- The REG 256 must also include any information required for the diligent effort. See section 23.030.
- The bond must be signed by the **surety** and the signature must be notarized.
  - A bond **preprinted** with the surety's signature and notary acknowledgment is **not acceptable**.
  - Bond forms are available from the department on the DMV website at **[www.dmv.ca.gov/forms](http://www.dmv.ca.gov/forms)**.

**23.050 Undocumented Vessel Surety Bond (CVC §§9923; CCR 190.03)**

- An *Undocumented Vessel Surety Bond* (REG 5058) must be submitted when:
  - the required supporting evidence of ownership is not available and the value of the vessel is \$2,000 or more, **OR**
  - the application is being submitted by a dealer, dismantler, or registration service.
- An *Undocumented Vessel Surety Bond* (REG 5058) is acceptable for any vessel, including a vessel from another state or country when regular evidence of ownership is unobtainable and a bond is required.

**23.050 Undocumented Vessel Surety Bond (CVC §§9923; CCR 190.03), *continued***

- The bond must be obtained for the fair market value of the vessel, as determined by either:
  - a written appraisal provided by a California or other state licensed yacht and shipbroker, **OR**
  - a *Statement of Facts* (REG 256) giving the valuation based on information provided in a recognized industry vessel valuation and pricing handbook.  
The lowest and highest price variations must be shown, then added together, then divided by two to get the average price of the vessel, which shall be used as the fair market value.
- The REG 256 must also include the information required for the diligent effort. See section 23.030.
- The bond must be signed by the **surety** and the signature must be notarized.
  - A bond preprinted with the surety's signature and notary acknowledgment is **not** acceptable.
  - Bond forms are available from the department on the DMV website: **[www.dmv.ca.gov/forms](http://www.dmv.ca.gov/forms)**.
- When a bond is required for a vessel, a REG 5057 with a rider covering the vessel is acceptable.
  - The REG 5057 must correctly identify the vessel and be issued by an admitted surety insurer authorized to do business in California by the Department of Insurance.

**23.060 Alternatives in Lieu of a Bond for a *Vehicle or Off-Highway Vehicle***

In lieu of submitting a bond for a vehicle or Off-Highway Vehicle (OHV), an owner may submit one of the following as provided in the Code of Civil Procedure §995.710. (See section 23.070 for Vessels)

**NOTE:** The depositor does not have to be the principal.

**Lawful money of the United States**

**Authority:** CCP §995.710(a)(1).

**Requirements/Procedures:**

- The money shall be maintained by the department in an interest-bearing trust account.
- Cash, a cashier's check, a certified check, a bank money order, a traveler's check or a personal check may be submitted.
- A personal check is not valid until the check has cleared the bank.
- If no proceedings are pending to enforce the liability of the account then the State shall pay quarterly, on demand, any interest on the deposited when earned in accordance with the terms of the account to the Depositor.

**23.060 Alternatives in Lieu of a Bond for a *Vehicle or Off-Highway Vehicle*, continued****Bearer bonds or Bearer Notes of the United States or the State of California****Authority:** CCP §995.710(a)(2)**Requirements/Procedures:**

Acceptance of bearer bonds or notes must follow the procedures described in CCP §995.720.

**\*Certificates of Deposit****Authority:** CCP §995.710(a)(3)**Requirements/Procedures:**

- The certificates shall be payable to the department.
- The monetary amount shall not exceed the federally insured amount issued by banks or savings associations:
  - authorized to do business in California, *and*
  - insured by the Federal Deposit Insurance Corporation.

**\*Savings Accounts****Authority:** CCP §995.710(a)(4)**Requirements/Procedures:**

- The accounts shall be assigned to the department.
- The monetary amount shall not exceed the federally insured amount, together with evidence of the deposit in the savings accounts with banks:
  - authorized to do business in California, *and*
  - insured by the Federal Deposit Insurance Corporation.

**\*Investment Certificates or Share Accounts Authority CCP §995.710(a)(5)****Requirements/Procedures:**

- The certificates shall be assigned to the department.
- The monetary amount shall not exceed the federally insured amount, issued by the saving associations:
  - authorized to do business in this state, *and*
  - insured by the Federal Deposit Insurance Corporation.

**23.060 Alternatives in Lieu of a Bond for a *Vehicle or Off-Highway Vehicle*, continued**

**\*Certificates for Funds or Share Accounts Authority:** CCP §995.710(a)(6)

**Requirements/Procedures:**

- The certificates shall be assigned to the department.
- The monetary amount shall not exceed the federally insured amount, issued by the union, as defined in Financial Code §14002, whose share deposits are:
  - guaranteed by the National Credit Union Administration, *or*
  - guaranteed by any other agency approved by the Department of Financial Institutions.

\* Each deposit is to be accompanied by a deposit agreement and assignment form authorizing the department to collect, sell, or otherwise apply the monetary amount designated in the deposit to enforce the liability of the principal on the deposit.

**Additional Information**

The above deposits are to have a face value or, in the case of bearer bonds or notes, have a market value, equal to or in excess of the amount that would be secured by the surety bond.

- The bond must be obtained for the fair market value of the vessel, as determined by either:
  - a written appraisal provided by a California or other state licensed dealer or motor vehicle insurance representative, *or*
  - a *Statement of Facts* (REG 256) giving the valuation based on information provided in a recognized industry motor vehicle valuation and pricing handbook, such as the Kelly Blue Book.

The lowest and highest price variations must be shown, then added together, then divided by two to get the average price of the vehicle, which shall be used as the fair market value of the vehicle.
- The application requirements are as follows:
  - Complete a *Vehicle, Vessel, or OHV Title Deposit Agreement and Assignment* (REG 5059) in duplicate, and if applicable, the agreement and assignment or acknowledgement portions of the form must be completed and signed.
  - The *Statement of Facts* (REG 256) stating how the value was determined, which must also include the information required for the diligent effort.
  - Submit both copies of the REG 5059 and the appropriate deposit form, as outlined above, to the department with the REG 256 and the vehicle or OHV application.



**23.070 Alternatives in Lieu of a Bond for a Vessel (CCR §190.03)**

In lieu of submitting a bond for a vessel, an owner may submit one of the following as provided in the Code of Civil Procedure §995.710.

**NOTE:** The depositor does not have to be the principal.

**Lawful money of the United States****Authority:** CCP §995.710(a)(1)**Requirements/Procedures:**

- The money shall be maintained by the department in an interest-bearing trust account.
- Cash, a cashier's check, a certified check, a bank money order, a traveler's check or a personal check may be submitted.
- A personal check is not valid until the check has cleared the bank.
- If no proceedings are pending to enforce the liability of the account then the State shall pay quarterly, on demand, any interest on the deposited when earned in accordance with the terms of the account to the Depositor.

**Bearer bonds or Bearer Notes of the United States or the State of California****Authority:** CCP §995.710(a)(2)**Requirements/Procedures:**

Acceptance of bearer bonds or notes must follow the procedures described in CCP §995.720.

**\*Certificates of Deposit****Authority:** CCP §995.710(a)(3)**Requirements/Procedures:**

- The certificates shall be payable to the department.
- The monetary amount shall not exceed the federally insured amount, issued by banks or savings associations:
  - authorized to do business in California, *and*
  - insured by the Federal Deposit Insurance Corporation.

**\*Savings Accounts****Authority:** CCP §995.710(a)(4)**Requirements/Procedures:**

- The accounts shall be assigned to the department.
- The monetary amount shall not exceed the federally insured amount, together with evidence of the deposit in the savings accounts with banks:
  - authorized to do business in California, *and*
  - insured by the Federal Deposit Insurance Corporation.

**23.070 Alternatives in Lieu of a Bond for a Vessel (CCR §190.03), continued****\*Investment Certificates or Share Accounts****Authority:** CCP §995.710(a)(5)**Requirements/Procedures:**

- The certificates shall be assigned to the department.
- The monetary amount shall not exceed the federally insured amount, issued by the saving associations:
  - authorized to do business in this state, *and*
  - insured by the Federal Deposit Insurance Corporation.

**\*Certificates for Funds or Share Accounts    Authority:** CCP §995.710(a)(6)**Requirements/Procedures:**

- The certificates shall be assigned to the department.
- The monetary amount shall not exceed the federally insured amount, issued by the union, as defined in Financial Code §14002, whose share deposits:
  - are guaranteed by the National Credit Union Administration, *or*
  - guaranteed by any other agency approved by the Department of Financial Institutions.

\* Each deposit is to be accompanied by a deposit agreement and assignment form authorizing the department to collect, sell, or otherwise apply the monetary amount designated in the deposit, to enforce the liability of the principal on the deposit.

**Additional Information**

The above deposits are to have a face value or in the case of bearer bonds or notes, have a market value, equal to or in excess of the amount that would be secured by the surety bond.

- The bond must be obtained for the fair market value of the vessel, as determined by either:
  - a written appraisal provided by a California or other state licensed yacht and shipbroker, *or*
  - a *Statement of Facts* (REG 256) giving the valuation based on information provided in a recognized industry vessel valuation and pricing handbook.

The lowest and highest price variations must be shown, then added together, then divided by two to get the average price of the vessel, which shall be used as the fair market value.

**23.070 Alternatives in Lieu of a Bond for a Vessel (CCR §190.03), continued**

- The application requirements are as follows:
  - Complete a *Vehicle, Vessel, or OHV Title Deposit Agreement and Assignment* (REG 5059) in duplicate, and if applicable, the agreement and assignment or acknowledgement portions of the form must be completed and signed.
  - The *Statement of Facts* (REG 256) stating how the value was determined, which must also include the information required for the diligent effort.
  - Submit both copies of the REG 5059 and the appropriate deposit form, as outlined above to the department with the REG 256 and the vessel application.

**23.080 Return of Cash Deposit**

An *Application for Refund* (ADM 399), may be submitted to the department for a refund of the **cash deposit** up to three years after the:

- vehicle/vessel is no longer registered in this state, *and*
- currently valid certificate of ownership is surrendered to the department.

**23.085 Return of Certificate of Deposit, Bearer Bonds, and Savings Accounts**

A written request for the return of the certificates of deposit, the bearer bonds, or savings account must be submitted to the department up to three years after the:

- vehicle/vessel is no longer registered in this state, *and*
- the currently valid certificate of ownership is surrendered to the department.

The depositor **must** submit a written request to:

Department of Motor Vehicles  
Registration Processing Units  
PO Box 942869  
Sacramento, CA 94269-0001

**23.090 Unavailable Legal Owners**

When all efforts to contact a legal owner/lienholder of a vehicle in order to obtain a release of interest or lien satisfied have been exhausted, a Motor Vehicle Bond may be accepted in lieu of the release by the legal owner/lienholder using the following procedures.

The **bond is required regardless of the value** of the vehicle.

23.090 Unavailable Legal Owners, *continued***Legal Owner is an Individual or a Company (not a dealer or financial institution)**

When an individual or a company which is not a dealer or financial institution is shown as the legal owner of record, and that individual cannot be located for a release or lien satisfied, the following are required in addition to all transfer or nonresident requirements:

- A *Statement of Facts* (REG 256) completed by the applicant stating the current retail value of the vehicle and what efforts were made to obtain the release.
- Evidence of the applicant's attempt to obtain the legal owner's release in the form of a certified letter returned to the sender, unclaimed and unopened.

**NOTE:** If the letter was delivered, but a response was not received, the postal receipt acknowledging receipt of the letter by the addressee is acceptable. Sufficient time (a minimum of 30 days) must have elapsed to give the recipient time to respond.

- A Motor Vehicle Bond for the value of the vehicle.
- All fees due.

**Legal Owner is a Dealer Out of Business (as determined by departmental records)**

- When a dealer is shown as the legal owner/lienholder of record and cannot be located, the owner must contact the local DMV field office to:
  - determine if the dealer is out of business (DOB), *and*
  - obtain the (DOB) owner's name and telephone number, shown on departmental records.
- In addition to all transfer or nonresident requirements, the following are required:

<i>If the...</i>	<i>then...</i>
DOB owner <b>can</b> be located	obtain a release on the original title or <i>Application for Duplicate Title</i> (REG 227) <b>or</b> a <i>Lien Satisfied/Title Holder Release</i> (REG 166)
DOB owner <b>cannot</b> be located	evidence of the applicant's attempt to obtain the owner's release or lien satisfied in the form of a certified letter returned to the sender, unclaimed and unopened, <b>must be</b> submitted.
letter was delivered, but a response was <b>not</b> received	the postal receipt acknowledging receipt of the letter by the addressee <b>must be</b> submitted. Sufficient time (a minimum of 30 days) must have elapsed to give the recipient time to respond.

**23.090 Unavailable Legal Owners, *continued***

- *Statement of Facts* (REG 256) stating:
  - the current retail value of the vehicle, **and**
  - what efforts were made to obtain the release.
- A Motor Vehicle Bond for the value of the vehicle **must** be submitted.
- Any fees due.

**NOTE:** This procedure **cannot** be used if the department's records **do not** indicate dealer out of business. A release or lien satisfied from the dealer is required.

**Legal Owner is a Bank or a Financial or Lending Institution**

- When the bank or financial/lending institution shown as the legal owner/lienholder of record **cannot** be located for a release or lien satisfied, the possibility exists that the financial institution may have:
  - moved,
  - gone out of business,
  - merged with another institution, **or**
  - changed its name.
- If you have difficulty locating the legal owner/lienholder to obtain a release, the Financial Institution Listing on the DMV website **www.dmv.ca.gov**, is an alphabetized listing of banks, credit unions and financial/lending institutions, developed to help locate the legal owner/lienholder shown on the vehicle record.
  - This information can also be obtained on the FDIC website **www.fdic.gov**, and search for Bank/Institution Directory.
- When the legal owner/lienholder **cannot** be located for a release or lien satisfied, in addition to all transfer or nonresident requirements, the following are required:
  - *Statement of Facts* (REG 256) stating the current retail value of the vehicle and what efforts were made to obtain the release.
  - Evidence of the applicant's attempt to obtain the legal owner's release or lien satisfied in the form of a certified letter returned to the sender, unclaimed, and unopened.

**NOTE:** If the letter was delivered, but a response was not received, the postal receipt acknowledging receipt of the letter by the addressee is acceptable evidence. Sufficient time (a minimum of 30 days) must have elapsed to give the recipient time to respond.

- Any fees due.
- The department will research the application to determine whether or not a financial institution or a successor exists and will advise the applicant of any additional requirements.

**23.095 Bonds for Salvage Vehicles**

- A bond **must** be obtained when the title is not available and the value is \$5,000 or greater for a vehicle reported sold as salvage under CVC §11515.
- The bond amount **must** be for the amount of the payoff to the insured **plus** the amount paid by the salvage buyer.

*Example:* If the payoff to the insured is \$5,100 and the amount paid by the salvage buyer is \$800, the amount of the bond must be \$5,900.

- If the value is less than \$5,000 the diligent effort/*Statement of Facts* (REG 256) procedure must be followed.

**Salvage Certificates issued to Insurance Companies Without Evidence of Ownership**

- A Salvage Certificate may be issued to an insurance company for a total loss salvage vehicle when evidence of ownership cannot be obtained within 30 days following a total loss settlement.
- The insurance company must make two written attempts to obtain the evidence of ownership and wait at least 30 days after the date of settlement before applying for the Salvage Certificate.
- An *Unobtainable Title Certification for Issuance of Salvage Certificate* (REG 492) form may be accepted in place of evidence of an ownership document when:
  - The applicant is an insurance company,
  - 30 days have passed since the “Acceptance Date of Settlement” shown in Section 2 of the REG 492, *and*
  - the date of the second written attempt is at least 15 days from the first written attempt as indicated above.